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Foreign CROPS AND MARKETS

VOLUME 60 NUMBER 10

FATS and OILS (Page 188)

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FOR RELEASE
MONDAY
MARCH 6, 1950

UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF FOREIGN AGRICULTURAL RELATIONS
WASHINGTON 25, D.C.

LATE NEWS

The official announcement on February 28th of the raising of the official foreign exchange value of the Soviet ruble from 19 cents to 25 cents U.S. currency without establishing convertibility will not actually affect the trade of the Soviet Union with the non-satellite countries, which, like all Soviet foreign trade,is a monopoly of the Government. Such trading is determined by bilateral bargaining of the Soviet Union and other countries as to types of commodities, quantities and prices involved, and the balances are not actually settled in rubles but in foreign currencies.

Coincidental with the revaluation of the ruble,price cuts on a number of foodstuffs and other products were announced. These cuts will tend to increase the purchasing power of the urban population. The most significant reduction was in bread prices; 25.9 percent for rye bread and 30 percent for wheat bread. Despite the large reductions, the price of rye bread, the staple of the Russian diet, is still more than double what it was in 1940, and the price of wheat bread is more than treble. At the same time, the comparable increase in earnings of the average worker was probably less than two-fold. There have been no indications of any increase of the very low prices paid by the Government to the farmers for compulsory delivery of grain.

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The U.S. Department of the Interior's Fish and Wildlife Service has received the following radiogram from Sandefjord, Norway:

"According to International Convention for Regulation of Whaling, the Bureau for International Whaling Statistics has decided that pelagic catch of baleen whales in Antarctic shall cease on March 15 at 12 p.m."

Pelagic whaling refers to whaling activities in the open sea.

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(Continued on Page 205)

FOREIGN CROPS AND MARKETS

Published weekly to inform producers, processors, distributors and consumers of farm products of current developments abroad in the crop and livestock industries, foreign trends in prices and consumption of farm products, and world agricultural trade. Circulation of this periodical is free to those needing the information it contains in farming, business and professional operations. Issued by the Office of Foreign Agricultural Relations of the U.S. Department of Agriculture, Washington 25, D.C.

WORLD PRODUCTION OF FATS AND OILS EXCEEDS PREWAR 1/

World production of fats and oils in 1949, up 5 percent over 1948, exceeded the prewar level of production for the first time since the end of hostilities. Total production from all important vegetable and animal sources is estimated at just over 22 million short tons, compared with less than 21 million last year and the 1935-39 average of 21.8 million. Increases occurred in all categories of edible fats and oils with animal fats and olive oil contributing most to the gains in 1949. The output of industrial oils declined somewhat largely because of smaller flaxseed crops in the United States and Canada.

In general, 1949 saw the end of the acute shortage in the world's supply of fats and oils and the situation should improve further in 1950 when much of the 1949 production will be available for distribution. Except in the United Kingdom, consumer rationing was discontinued in Western Europe. Even in the United Kingdom, the level of consumption was reasonably high relative to prewar and higher than in many other Western countries, with rationing continued to assure equitable distribution among the population.

In spite of these marked improvements, the world remains short of fats and oils compared with the per capita level of consumption before the war, and even shorter if inadequate prewar diets for many peoples are taken into account. On the basis of population increases alone, the over-all world deficit is nearly 2 million tons. Moreover, the recovery of production has not been uniform for all areas and therefore geographic distribution of world supplies remains considerably different from what it was in the prewar period. International trade in 1949 of fats and oils and raw materials (fat equivalent basis), while substantially higher than in earlier postwar years, was just over 5 million tons compared with more than 6.5 million tons on the average from 1935 to 1939.

Much of the increase in production since prewar has occurred in the United States and exports from the United States during 1949 made the largest single contribution to the alleviation of the world shortage. On an oil equivalent basis, net exports exceeded one-half million tons, whereas as recently as 1937-41, the United States had a net import balance of three-fourths million tons annually. Thus, compared to the earlier period, this country provided 1-1/4 million tons more fats and oils for consumption in other parts of the world. Indications are that United States exports will decline somewhat during 1950 because of the intensified shortage of dollar exchange in importing countries. As exportable surpluses of fats and oils accumulate in dollar areas, shortages will be intensified in certain non-dollar areas.

1/ A more extensive statement may be obtained from the Office of Foreign Agricultural Relations, U. S. Department of Agriculture, Washington 25, D. C.

Fats and Oils: Estimated World Production, 1949 with comparisons 1/
(1,000 short tons)

Commodity	Total in oil or fat equivalent			
	Average 1935-39	1947 2/	1948 2/	1949
Edible vegetable oils:				
Cottonseed	1,670	1,312	1,500	1,600
Peanut	1,659	1,873	1,914	1,966
Soybean	1,345	1,571	1,641	1,490
Sunflower	630	792	942	938
Olive oil	960	1,280	530	985
Sesame	681	662	702	693
Total	6,945	7,490	7,229	7,672
Palm oils:				
Coconut	1,610	1,300	1,230	1,300
Palm kernel	385	315	395	460
Palm oil	680	520	545	635
Babassu kernel	30	45	49	42
Total	2,705	2,180	2,219	2,437
Industrial oils:				
Flaxseed	1,160	1,122	1,282	1,187
Castor-bean	202	178	230	211
Rapeseed	1,362	1,664	1,637	1,641
Oiticica oil	10	7	20	3
Tung oil	150	130	150	135
Perilla seed	65	5	5	5
Total	2,949	3,106	3,324	3,182
Animal fats:				
Butter	3,700	2,850	2,900	3,093
Lard	3,000	2,380	2,500	2,730
Tallow and greases	1,450	2,070	2,060	2,220
Total	8,150	7,300	7,460	8,043
Marine oils:				
Whale (excluding sperm)	585	363	385	392
Fish	2/ 460	220	237	292
Total	2/ 1,045	583	622	684
Estimated world total	2/ 21,794	20,659	20,854	22,018

1/ In the case of each vegetable oilseed, the oil production was determined by estimating the percentage of the total world crop crushed for use as visible fats and oils. Allowances were made for seed, livestock feed, losses, and direct consumption as human food with crushing percentages as follows:

Crop	Percentage
Castor-beans	95
Sunflower seed, rapeseed, flaxseed and perilla	90
sesame	85
cottonseed	75
Soybeans	65
Peanuts	60

Olive oil, babassu, oiticica, tung, lard, tallow, whale, and fish oil are 100 percent of production. Butter is reduced to a fat basis at 81 percent of production. Since export data are the only reliable records for most palm oils, 25 percent was added to coconut oil (including oil content of copra) and palm oil exports, and 10 percent to palm kernel and palm kernel oil exports to cover local consumption and arrive at total production. 2/ Revised.

Fats and Oils: World exports, 1950 with comparisons
(1,000 short tons)

Commodity	Total in oil or fat equivalent			
	Average 1935-39	1948 1/	Estimate 1949	Forecast 1950
Edible vegetable oils:				
Cottonseed..........	190	79	117	120
Peanut..............	852	530	542	500
Soybean.............	440	78	288	250
Sunflower...........	32	64	50	100
Olive oil...........	174	75	45	100
Sesame..............	65	40	44	30
Total..........	1,753	866	1,086	1,100
Palm oils:				
Coconut.............	1,290	983	1,040	1,000
Palm kernel.........	350	360	415	450
Palm................	545	435	507	550
Babassu kernel......	20	24	17	18
Total..........	2,205	1,802	1,979	2,018
Industrial oils:				
Linseed.............	714	252	287	290
Castor..............	101	115	77	75
Rapeseed............	45	8	17	15
Oiticica............	4	13	7	12
Tung................	2/ 89	86	54	50
Perilla.............	40	0	0	0
Total..........	993	474	442	442
Animal fats				
Butter..............	3/ 460	350	445	460
Lard................	190	190	325	220
Tallow and greases...	195	156	265	275
Total..........	845	696	1,035	955
Marine oils				
Whale (excl. sperm)..	584	380	385	385
Fish................	150	102	90	100
Total..........	734	482	475	485
Grand total..........	6,530	4,320	5,017	5,000

1/ Revised.
2/ 1933-37 average.
3/ 1934-38 average.

Stated in another way, this is likely to mean continued high prices in soft currency areas relative to prices in dollar areas. During 1949, as an illustration of this disparity, sterling prices of a basic group of fats and oils were 5 times the prewar level while United States prices for fats and oils fell to less than 1-1/2 times the prewar level. Even with low dollar prices, a liberal use of dollar aid program funds was necessary to step up United States exports and relieve shortages in the non-dollar countries.

As a result of the abundant olive oil output, the supply of edible vegetable oils from the 1949 oilseed crops is expected to reach approximately 7.7 million tons, an increase of 6 percent over 1948 and 10 percent over the prewar average. Mediterranean olive oil output, which is believed to exceed that of last season by about 86 percent, will alleviate the short supply situation in that area caused by the poor olive crop of 1948. Although most of the olive oil is consumed within the producing countries, a sizeable quantity is expected to be available for export in 1950. The increase over 1948, by about 150,000 tons, in the supply of cottonseed and peanut oils is counterbalanced by the decrease in the estimated quantity of soybean, sunflower, and sesame oils.

World production of the oils included in the palm group, estimated at 2.4 million tons in 1949, exceeded by 10 percent the output in 1948 and represented 90 percent of the prewar average. The 1949 production of copra, in terms of oil, is estimated at 1.3 million tons. This is about 6 percent above that of a year earlier and equals the 1947 output, which was the largest since the immediate prewar years. Philippine exports were smaller than anticipated but Indonesia's shipments were considerably greater. Based on information now available, exports from most of the other copra-producing countries were larger than in 1948. Estimates indicate that the combined output of palm oil and palm kernel oil in 1949 was somewhat larger than in 1948 and exceeded by a small margin the 1935-39 average. With the settlement of political difficulties in Indonesia and mechanized improvements in the industry in Africa, supplies available for international trade in 1950 are expected to increase.

Industrial vegetable oil production in 1949 is estimated at 3.2 million tons, 4 percent less than the high output in the preceding year but larger than the prewar average. With the exception of rapeseed, there was a general decrease in this group of oils. The sharpest percentage decline occurred in oiticica and tung oils. Brazil, the only producer of oiticica, harvested an exceptionally small crop, and the reduction in China's tung oil output was the result of both political and economic conditions.

Although castor bean production was slightly below the record output in 1948 it was still above prewar and exports in 1950 are expected to be but slightly below those of last year. Since most of the rapeseed is consumed within the producing countries, world trade of this oilseed is not affected to a great extent by the size of the crop.

Despite a smaller flaxseed output in 1949, the tonnage of linseed oil available for international trade in 1950 - the result of a large carryover of supplies from the 1948 flaxseed crop - is more than sufficient to supply the deficit countries with the quantities they will be able to purchase. This is because a large portion of the surplus is in the dollar areas.

The production of animal fats in 1949 exceeded 8 million tons--about 8 percent higher than the previous year but slightly less than the prewar average. Thus production of animal fats, the most important category in total tonnage, has not kept pace with the expansion of vegetable oils, which were 10 percent above prewar. At the same time, the sharp increase in the world's production of tallow and greases, from 1,450,000 tons in 1935-39 to 2,220,000 tons in 1949 or an increase of over 3/4 million tons, is by far the most important single item in restoring total production of fats and oils to prewar levels. About 53 percent of all tallow and greases was produced in the United States where production has more than doubled since prewar. World butter and lard production continued their recovery above earlier postwar years, but remained well below the prewar level.

World production in 1949 of marine oils-- whale and fish--estimated at 684,000 tons, was up 10 percent from that of 1948 though still well below prewar. This increase resulted principally from a substantial expansion in the production of fish oil, about one-fourth greater than in 1948. The increase of whale oil output, however, was small because the catch of baleen whales during the 1948-49 Antarctic whaling season again was limited to a maximum of 16,000 blue-whale units under the regulations of the 1946 International Whaling Convention.

This is one of a series of regularly scheduled reports on world agricultural production approved by the Office of Foreign Agricultural Relations Committee on Foreign Crop and Livestock Statistics. For this report, the Committee was composed of Joseph A. Becker, Chairman, Paul E. Quintus, Regina H. Boyle, Helen Francis, Elmer A. Reese, and Karen J. Friedmann.

COMMODITY DEVELOPMENTS

GRAINS, GRAIN PRODUCTS AND FEEDS

EGYPT HARVESTS LARGE RICE CROP: TRADE UP [1]

Egypt in 1949 harvested a third successive bumper rice crop, according to E.R. Raymond, Agricultural Attache, American Embassy, Cairo. Rough rice production is estimated at 2,575 million pounds compared with the record of 2,883 million a year earlier, and 2,814 million pounds in 1947. The reduction was due entirely to a 11-percent drop in acreage, the yields per acre having approached the record of the year before.

The high average yield of 3,527 pounds an acre was due to favorable growing weather and adequate supplies of water and of commercial fertilizers, especially ammonium sulphate which was sufficiently available to permit the standard application of approximately 250 pounds an acre.

EGYPT: Rice production and trade,
averages 1935-44, annual 1945-49 1/

Year	Average	Yield per acre	Production		Net exports 2/	Production minus exports 2/
			Rough	In terms of milled		
	1,000 acres	Pounds	Million pounds	Million pounds	Million pounds	Million pounds
Average:						
1935-39	463	3,233	1,496.8	1,048	279	769
1940-44	600	2,704	1,622.2	1,136	163	973
Annual:						
1945	654	2,920	1,910.0	1,337	448	889
1946	656	3,154	2,069.2	1,448	367	1,081
1947	805	3,496	2,814.0	1,970	773	1,197
1948	816	3,534	2,883.4	2,018	3/ 747	1,271
1949	730	3,527	2,575.0	1,802	4/ 660	1,142

1/ Rough rice of production and where occurring in trade is converted to terms of milled at 70 percent. 2/ During calendar year following harvest. 3/ December-November. 4/ Estimate of exportable supplies.

Compiled from official sources, except as noted.

Exportable supplies from the 1949 crop for export in 1950 are estimated at 660 million pounds. Exports during December-November, 1948-49, totaled 747 million pounds in terms of milled, nearly the record of 773 million pounds a year earlier. The United Kingdom took the largest volume, 306 million pounds, shipped primarily to Ceylon and Malaya. Other countries of destination and the quantities (million pounds) were: India, 198; Philippines, 42; Union of South Africa, 33; Saudi Arabia, 32; Germany (Western Zone), 21; Belgium, 19; Switzerland, 14; Pakistan, 11; Transjordan, 11; Syria and Lebanon, 10; Austria, 10; Yugoslavia, 10, and others, 30.

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[1] A more extensive statement may be obtained from the Office of Foreign Agricultural Relations, U.S. Department of Agriculture, Washington 25, D.C.

TROPICAL PRODUCTS

WORLD 1949-50 CACAO BEAN PRODUCTION NOW FORECAST NEAR 1948-49 OUTPUT

World production of cacao beans in 1949-50 now is expected to total about 1,627 million pounds, almost 4 percent higher than was forecast in December 1949 and just 2 percent below the 1948-49 output of 1,652 million pounds, according to reports from U.S. Foreign Service Officers. The prewar (1935-39) production averaged about 1,579 million pounds of cacao beans annually.

Revised forecasts of cacao bean production in 1949-50 by continents are: 135 million pounds for North America, 441 million pounds for South America, 1,038 million pounds for Africa, and 13 million pounds for Asia and Oceania. This represents a substantial increase over the earlier forecast for South America and Africa and a slight decrease for North America. In comparison with the 1948-49 crop, the forecast for South America now is 52 million pounds higher. Africa, however, is expected to produce 86 million pounds less than in 1948-49.

CACAO: Estimated production of cacao beans by continents, average 1935-36 to 1939-40; annual 1948-49 to 1949-50 1/

Continents	Average 1935-36 to 1939-40	1948-49 2/	1949-50 2/
	1,000 pounds	1,000 pounds	1,000 pounds
North America	137,900	126,575	134,555
South America	368,287	388,550	440,600
Africa	1,054,871	1,124,360	1,038,000
Asia and Oceania	17,483	12,865	13,365
World Total	1,578,541	1,652,350	1,626,520

1/ Production is given by crop years. 2/ Preliminary

Office of Foreign Agricultural Relations. Compiled or estimated from official statistics of foreign governments and U. S. Foreign Service reports.

The countries which account for most of the increase in the revised forecast are Brazil and the Gold Coast. Brazil's 1949-50 output is estimated to have reached a record high of 335 million pounds, 35 million pounds more than the December 1949 forecast. Present indications are that the Gold Coast's 1949-50 production of cacao beans will be about 570 million pounds, 30 million pounds higher than the earlier forecast.

WORLD 1949-50 COFFEE PRODUCTION FORECAST REVISED UPWARD

World exportable production of coffee in 1949-50 now is forecast at 4 percent above the November 1949 figure and just 5 percent below the 1948-49 exportable output, according to reports from U.S. Foreign Service Officers. Supplies available for export from the 1949-50 crop are forecast at 29.9 million bags of 132 pounds each, as compared with the 1948-49 supply of 31.5 million bags and the prewar 1935-39 exportable supply of 35.9 million bags.

The increase in the world forecast of exportable production results almost entirely from a revision of the original estimate for Brazil. The estimate for Brazil included in the 1949-50 world total is the exportable supply from the 1949 harvest which now is estimated at 15.7 million bags, as compared with the November estimate of 14.4 million bags. The estimate was revised upward because of larger crops in Parana and Espirito Santo than had been anticipated and a reduction in Brazil's consumption resulting from higher coffee prices.

COFFEE: Estimated total and exportable production by continents, average 1935-36 to 1939-40, annual 1948-49 and 1949-50 1/

Continents	Average 1935-36 to 1939-40		1948-49 2/		1949-50 2/	
	Total	Exportable	Total	Exportable	Total	Exportable
	1,000 bags	1,000 bags	1,000 bags	1,000 bags	1,000 bags	1,000 bags
North America	5,395	4,050	5,930	4,105	5,870	3,870
South America	32,678	27,850	29,680	23,465	27,655	21,955
Africa	2,602	2,315	3,865	3,555	4,025	3,715
Asia	2,444	1,647	985	320	1,005	280
Oceania	101	53	85	30	90	40
World Total	43,220	35,915	40,545	31,475	38,645	29,860

1/ Production is given by crop years in bags of 132.28 pounds each.
2/ Preliminary.

Office of Foreign Agricultural Relations. Compiled or estimated from official statistics of foreign governments and U. S. Foreign Service reports.

Changes since the November forecast for countries or areas other than Brazil include upward revisions for Guatemala, Honduras, Nicaragua, and India and downward revisions for Costa Rica, Dominican Republic, Haiti, Venezuela, Angola, and Kenya. Current forecasts of exportable production for these countries and areas are shown as follows in thousands of bags: Costa Rica 300, Dominican Republic 210, Guatemala 870, Haiti 430, Honduras 75, Nicaragua 315, Venezuela 525, Angola 665, Kenya 90, and India 50.

FATS AND OILS

OLIVE-PRODUCING COUNTRIES HOLD CONFERENCE IN MADRID

A conference of the General Committee of the International Oilculture Federation (Federation Internationale d'Oleiculture - F.I.O.) was held at Madrid, February 10 to 15, 1950. The keynote of the conference as expressed by Leonardo Donato, the FIO Secretary General, was the justification for an international accord for world protection of olive oil.

Thirteen nations were represented; namely, Algeria, Egypt, France, Greece, Lebanon, Morocco, Israel, Italy, Portugal, Spain, Syria, Tunisia, and the United States. Although not a member of FIO, the United States, at the invitation of the Federation's President, sent a representative as a non-official observer.

FIO was formed some years ago by the major olive-producing countries of the Mediterranean Basin, and early activity is reported to have been related principally to problems of olive production. During the past few years, however, considerable emphasis has been placed on olive oil trade matters, possibly because of the sharp drop in oil prices. The 11 countries now members of the Federation are Algeria, Argentina, France, Greece, Morocco, Israel, Italy, Portugal, Spain, Syria, and Tunisia. Of these, Argentina, Israel, Portugal, and Syria were admitted to membership at the recent conference.

In his address at the opening session the Secretary General pointed out that in the postwar period, (1) the supply of fats and oils in the United States and elsewhere has been increasing while (2) prices have decreased, (3) the use of synthetics, instead of natural fats and oils, for soap is gaining, and (4) in general, the purchasing power of consumers is decreasing. (The last point is particularly important since olive oil is somewhat of a luxury item, and is one of the first products to suffer from an economic recession in importing countries.)

The speaker asserted that exports of olive oil comprise only a very small percentage of world exports of edible oils and soap and that the percentage has shown a downward tendency over a period of years. In spite of representing only a small share of world trade, olive oil is important in the economy of many Mediterranean Basin countries.

Among other points, the speaker concluded that (1) an international agreement aimed at normalizing the olive market is essential, (2) the olive oil market is a specialized market with both supply and demand quantitatively limited, and it should not be confused with the large, general fats and oils market, (3) the special character of the demand in importing countries, particularly in the Western Hemisphere, calls for a study of this demand, and (4) olive oil production costs should be reduced.

Five committees were named to consider various proposals concerning the organization and operation of FIO and to draft a resolution leading toward an international agreement on olive oil. As a result of the efforts of these committees, the 5 following protocols were signed before the conference closed: (1) FIO Finance, (2) Universal Contract, Olive Oil Grades, International Arbitration Commission, (3) Advertising Olive Products, (4) Mediterranean Agreement, and (5) Organization of the Thirteenth International Oilculture Congress. Protocol (4) is of particular interest. It was agreed in principle to fix annual export quotas for olive oil and to regulate stockpiles of oil. An export price, presumably uniform, for hard currency countries is to be established. A draft agreement, based on principles enunciated in this protocol, is to be drawn up by the FIO Directive Committee in a meeting to be held at Tunis in March or April 1950.

Protocol (5) outlines in considerable detail plans for the next FIO Congress to be opened in Seville, Spain on November 15, 1950.

ANTARCTIC CATCH OF WHALES NEARS 12,000 BLUE-WHALE UNITS

The total catch of baleen whales as of February 18, 1950, was 11,988 blue whale units, according to information received by the Interior Department's Fish and Wildlife Service from the International Bureau of Whaling Statistics, Sandefjord, Norway. The above figure, which applies only to pelagic or open-sea whaling in the Antarctic (as distinct from land-station whaling) during the 1949-50 season, does not include the catch of the U.S.S.R. for the preceding week. (NOTE: Antarctic whaling season will end March 15. See Late News item on page 187).

LIVESTOCK AND ANIMAL PRODUCTS

BRISK MOVEMENT OF WOOL FROM SOUTHERN HEMISPHERE [1]

Wool exports from the 5-principal wool-producing Southern Hemisphere countries (Australia, New Zealand, Union of South Africa, Argentina and Uruguay) to the United States for the 1949-50 season through December, according to preliminary data available to the Office of Foreign Agricultural Relations, amounted to 175 million pounds. This is an increase of 73 million pounds or 72 percent over the same period last year.

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[1] A more extensive statement may be obtained in Foreign Agriculture Circular F-W 1-50, available from the Office of Foreign Agricultural Relations, U.S. Department of Agriculture, Washington 25, D. C.

WOOL: Exports from five principal Southern Hemisphere countries to United States and total all countries 1948-49 season with comparison.

(actual weight; greasy, scoured, washed and pulled wool)

Season beginning July 1 or Oct. 1 of year shown	Australia 1/		New Zealand 1/		Union of South Africa 1/		Argentina 2/		Uruguay 2/		Total	
	to U.S.	Total	to U.S.	Total	to U.S.	Total	to U.S.	Total	to U.S.	Total	to U.S.	Total
	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.
Averages												
1934-38	26	827	15	274	2	231	53	305	15	115	111	1,752
1939-44	287	640	20	204	57	128	209	269	95	121	668	1,362
Season												
1945	313	775	67	296	146	284	356	516	88	145	970	2,016
1946	330	1212	65	413	63	379	173	346	67	137	698	2,487
1947	124	895	20	423	31	231	302	472	100	155	577	2,176
1948	75	1096	18	263	14	110	103	178	67	125	277	1,772
Latest reports New season with comparison 3/												
1948	26	401	10	108	9	110	44	53	13	32	102	704
1949 4/	63	574	5/12	5/128	14	90	67	88	19	29	175	909

1/ Season begins July 1. 2/ Season begins October 1. 3/ July thru December for Australia, New Zealand and South Africa; October thru December for Argentina and Uruguay. 4/ Preliminary. 5/ December estimated.

Office of Foreign Agricultural Relations, compiled from official sources and from reports of Foreign Service officers.

Notwithstanding this increase in movement over a year previous, the quantity is well below the level in the 3 years prior to the 1948-49 season. The movement of wool from Australia to the United States was very small in comparison with the total wool exports from the former country, the United States taking only 10 percent of the July-December total exports which amounted to about one-half of the season's clip.

Although exports from all countries to the United States were larger, the total exports from Uruguay and the Union of South Africa were smaller for the period compared to last year. Total movement from the 5 countries for the season through December was 909 million pounds as compared to 704 million pounds in 1948, an increase of 29 percent. In 1947 the movement for this period was 789 million pounds.

Reports indicate that wool is being brought to market by producers as fast as possible due to very good returns and the fear that the price might not hold. The high rate of activity in consuming countries and the low stock position has caused complete clearance at most auctions, followed by fast handling in order to make the current clip available to the mills. This process has also quickened where possible because of the high cost of financing wool purchased.

Exports to the United States increased by a much larger percent than did total exports. However, activity in the United States increased considerably during the last quarter of 1949 over the first three quarters. It is evident that all countries are filling their needs as rapidly as possible against a possible shortage later in the year. According to the rate of movement there is a possibility that supplies of most wanted wools will be exhausted in the major centers by the end of the season.

Both Uruguay and the Union of South Africa have exported less in the current season than for the same period last year, while the other 3 countries have increased their exports considerably. The situation in the former countries is due perhaps to the slow start at the opening sales due to high prices.

TOBACCO

BRAZIL ARRANGING BARTER SALES OF TOBACCO TO WESTERN EUROPE

Brazilian trade sources report that a large barter sale of leaf tobacco has recently been made with Western Germany and other similar sales are now being negotiated with the Netherlands and Spain, according to the American Consulate in Porto Alegre.

According to trade sources, Brazil sold $3,000,000 worth of medium grade leaf to Western Germany early in February. It is reported that the Brazilian leaf firm involved in the transaction is to receive payment in the form of German manufactured goods. The transaction is said to be for approximately 11,000,000 pounds of leaf, consisting of about 85 percent Bahia, 10 percent Santa Catarina and 5 percent Rio Grande do Sul. The reported price is around 27 cents per pound.

Barter sales of tobacco are reported to now be under negotiation with the Netherlands and Spain. It is understood that the Dutch are negotiating for the purchase of approximately 2,900,000 pounds of Rio Grande do Sul flue-cured leaf, but the grade and price are not known. The negotiations with Spain are said to involve about $1,000,000 worth of Brazilian leaf.

The Consulate reports that there is confidence among Brazilian leaf dealers that barter sales to Europe can be arranged for all available surplus leaf from the 1948-49 and 1949-50 crops in Rio Grande do Sul.

COTTON AND OTHER FIBER

MEXICO'S COTTON CROP ESTIMATE REVISED UPWARD

The 1949-50 cotton crop in Mexico is now estimated at about 985,000 bales (of 500 pounds gross), based on nearly complete ginning reports. This estimate is 415,000 bales or 73 percent higher than last year's previous record crop of 570,000 bales and 85,000 bales above the last previous estimate for the current crop year. The area harvested in 1949-50 is now estimated at 1,446,000 acres, representing an increase of 38 percent over last year's estimate of 1,050,000 acres.

Yields per acre averaged about 326 pounds in 1949 compared with 261 pounds in 1948. Higher yields in 1949 were attributed to several important factors; (1) extension of irrigation to additional areas in the Matamoros district where approximately 50 percent of the cotton land is now under irrigation, (2) improved methods of insect control, (3) the use of better seed for planting, and (4) unusually favorable weather during most of the season.

The quality and staple length of the 1949 crop were unusually high, especially the Matamoros crop from which about half of the exports in 1949-50 will be drawn. Surplus from the entire 1949 crop in Mexico is estimated at 700,000 bales, of which about 600,000 have already been exported. Most of the exports thus far this year have been destined for Canada, middle and western Europe, and the Far East. Import statistics for Canada and Belgium indicate that those countries may have been the principal destinations.

High yields, high wages, favorable prices, and quick disposal of the surplus this year have stimulated considerable enthusiasm for further expansion of cotton acreage in 1950. Cotton acreage is expected to reach 1,725,000 to 1,750,000 acres in 1950 or about 300,000 acres above the 1949 acreage. Such an acreage increase under favorable weather conditions would result in a 1950 crop of at least 1,100,000 bales. The greatest increase is likely to take place in the Matamoros district with smaller increases expected in the Laguna district and in States touching the Gulf of Lower California on the east side. No appreciable increases are expected in other areas. Notices were posted recently in Mexico's cotton areas to the effect that 50,000 laborers will be needed to pick this year's crop in July, August, and September. Increased credits are being advanced to cotton growers in some of the principal cotton growing areas.

Prices for Mexican cotton sold on foreign markets are averaging around 1.5 to 2 cents a pound below comparable qualities of United States cotton and have enabled exporters to dispose of the crop rapidly despite the fact that practically all importers in foreign countries are required to pay for Mexican cotton in American dollars.

BRAZIL'S COTTON EXPORTS ABNORMALLY LOW

Exports of cotton from Brazil during the 6 months August-January 1949-50 totaled only 280,000 bales (of 500 pounds gross), compared with 640,000 for a similar period a year ago. The decrease in export movement is attributed to depleted stocks and high prices in relation to those for United States and other similar growths entering world export trade. Sharp decreases were noted in exports to all destinations, except Sweden, Australia, and Uruguay, where small increases were reported. The volume of exports probably will remain low until the new crop in South Brazil, where picking begins early in March, reaches the market in May and subsequent months.

Early estimates place the 1949-50 Sao Paulo crop at 1,150,000 to 1,270,000 bales, compared with last year's crop of 960,000 bales. Adding 100,000 bales for other states in South Brazil and 450,000 for the North Brazil crop, the total for all Brazil may be estimated tentatively at 1,700,000 to 1,800,000 bales. A crop of 1.7 million bales would be 160,000 bales larger than in 1948-49 and would provide a surplus for export of a little more than 800,000 bales. Since nearly all of it is drawn from the Sao Paulo crop, the bulk of it normally moves into export channels during the last 8 months of the year.

Stocks of old-crop cotton in Brazil available for export are very low and composed largely of low-grade fiber. Stocks in possession of the Federal Government amount to only 3,000 bales. Prices of Brazilian cotton declined from 30.9 United States cents a pound early in January to 29.6 cents on February 28 for Sao Paulo, Type 5, at Sao Paulo. The spread between prices for Brazilian cotton (equivalent shipside price, including export tax, etc.) and those for comparable grades and staples of United States cotton has narrowed to around 1.5 cents a pound as a result of the decrease in Brazilian prices and an increase in prices for American. The premiums existing in selling prices for Brazilian in relation to those for American cotton are contrary to the situation prior to 1949 and result from scarcity of dollar exchange available in cotton importing countries and diminishing supplies of surplus cotton in Brazil during the past 4 years when production was low.

BRAZIL: Cotton exports by countries of destination;
averages 1934-38 and 1939-43; annual 1947 and 1948;
August-January 1948-49 and 1949-50

(Bales of 500 pounds gross)

Country of destination	Year beginning August 1				Aug.-Jan.	
	Average		1947	1948	1948-49	1949-50 1/
	1934-38	1939-43				
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
United Kingdom	230.7	206.0	147.4	319.6	208.0	146.5
Germany	331.2	16.0	1.7	1.2	1.1	0
France	92.1	11.3	61.0	84.4	69.1	13.2
Belgium	34.2	4.4	136.6	18.3	18.1	.7
Netherlands	31.1	7.6	91.2	6.9	6.8	5.7
Italy	38.5	5.3	119.3	24.3	23.5	0
Poland	17.3	.2	64.7	111.0	57.1	10.3
Portugal	20.7	22.5	14.7	29.8	21.3	.3
Spain	2.2	88.1	161.2	164.8	109.2	32.3
Sweden	4.9	69.4	33.4	50.2	20.6	40.9
Finland	-	.3	8.2	1.4	1.4	0
Norway	-	2/	8.6	0	0	0
Japan	200.2	124.5	0	2.3	2.3	0
China	50.1	79.4	24.8	.4	.4	.2
United States	4.4	62.0	3/ 3.2	0	0	.6
Canada	.2	85.2	36.3	1.4	1.4	0
Colombia	.1	36.9	18.6	11.7	9.9	.5
Chile	-	2.2	16.9	10.4	10.4	5.4
Cuba	-	1.8	4.6	4.7	4.7	0
Uruguay	-	-	12.1	6.7	5.3	6.3
Australia	-	1.2	21.0	21.9	5.9	14.7
Other Countries	7.2	6.6	63.6	83.6	4/ 64.0	2.4
Total	1065.1	830.9	1049.1	955.0	640.5	280.0

1/ Preliminary. 2/ Less than 500. 3/ Largely cotton for transshipment to Canada. 4/ India 21.0, Rumania 11.5, Trieste 18.2.

Compiled from Comercio Exterior do Brazil and U.S. Foreign Service Reports.

OUTLOOK FOR COTTON TEXTILE INDUSTRY IN ITALY IMPROVES

Cotton consumption in Italy has been maintained during the first 5 months of the current season at about the same level as the 1948-49 season when 913,000 bales were consumed. There was a sharp decline of consumption in August but not more than the customary seasonal level during that period. However, the outlook for the remainder of the season has improved. Of particular importance is the marked recovery of cotton textile exports which had declined in the third quarter of 1949. In December of 1949 exports of cotton textiles reached the greatest monthly volume in over 12 years. In December the equivalent of nearly half the imported raw cotton consumed was reexported in the form of cotton yarn or piece goods.

Cotton yarn exports from Italy are nearly double the 1938 volume. However, exports of cotton fabrics, although increasing, are still only 60 percent of the 1938 level. There is some doubt that this level of exports can be maintained. Although Italy has been able to renew and extend almost all its old trade agreements and sign some new agreements with important importers of cotton textiles, there are some adverse factors. The devaluation of the pound sterling by 30.5 percent in relation to the dollar as compared to a devaluation of the Italian lira at the time of only 9.2 percent is thought to have given the United Kingdom a competitive advantage in the export field. The greater extent of devaluation in Sweden, Norway, Denmark, Finland, Argentina, and other countries importing Italian cotton textiles, has raised the price of Italian textiles in terms of their currencies.

Any decline in Italian exports due to the major devaluation in other countries was more than offset by increased exports to France. However, these exports which had been increasing sharply this fall were suddenly interrupted by the end of December by the reimposition of French tariffs on cotton textiles. Italian cotton yarns which had been admitted duty free into France now must pay a duty ranging from 15 to 25 percent ad valorem.

Rayon staple fiber production has also been increasing. Production in 1949 was probably more than double the 1948 production but still less than one-third the 1941 peak when 125,000 metric tons staple fiber was produced. As yet, however, rayon staple fiber used in the cotton industry makes up little more than 10 percent of the raw fiber consumption of the cotton mills.

It is not believed that production of rayon staple fiber will return to prewar levels for some time. At the moment the industry is faced with increasing costs and exchange difficulties of imported coal and cellulose. Labor costs are also rising. Much of the equipment is old and obsolete and is being replaced. The domestic market, probably due to wartime experiences, has little taste for rayon goods in comparison to many other countries. The industry at present is concentrating on improving the quality of rayon rather than increasing the quantity, which may overcome some of the consumer objection. The Italian rayon industry has good technicians and vigorous management and this combination may eventually raise production to prewar levels.

COTTON-PRICE QUOTATIONS ON WORLD MARKETS

The following table shows certain cotton-price quotations on foreign markets converted at current rates of exchange.

COTTON: Spot prices in certain foreign markets, and the U. S. gulf-port average

Market location, kind, and quality	Date 1950	Unit of weight	Unit of currency	Price in foreign currency	Equivalent U.S. cents per pound
Alexandria		Kantar			
Ashmouni, Good..........	3-2	99.05 lbs.	Tallari	68.45	39.68
Ashmouni, F.G.F.........	"	"	"	64.95	37.65
Karnak, Good............	"	"	"	73.80	42.78
Karnak, F.G.F...........	"	"	"	67.05	38.87
Bombay		Candy			
Jarila, Fine............	"	784 lbs.	Rupee	1/ 620.00	16.50
Broach Vijay, Fine......	"	"	"	1/ 690.00	18.37
Karachi		Maund			
4F Punjab, S.G., Fine....	3-1	82.28 lbs.	"	71.00	26.03
289F Sind, S.G., Fine....	"	"	"	72.00	26.40
289F Punjab, S.G., Fine..	"	"	"	74.00	27.13
Buenos Aires		Metric ton			
Type B..................	3-2	2204.6 lbs.	Peso	1/ 4000.00	37.55
Lima		Sp. quintal			
Tanguis, Type 5.........	3-1	101.4 lbs.	Sol	(not	quoted)
Pima, Type 1............	"	"	"	425.00	29.25
Recife		Arroba			
Mata, Type 4............	3-2	33.07 lbs.	Cruzeiro	180.00	29.61
Sertao, Type 5..........	"	"	"	(not	available)
Sao Paulo					
Sao Paulo, Type 5.......	"	"	"	180.00	29.61
Torreon		Sp. quintal			
Middling, 15/16"........	"	101.4 lbs.	Peso	231.00	26.36
Houston-Galveston-New Orleans av. Mid. 15/16"..	"	Pound	Cent	XXXXXX	31.92

Quotations of foreign markets reported by cable from U.S. Foreign Service posts abroad. U. S. quotations from designated spot markets.

1/ Nominal - ceiling prices.

LATE NEWS

(Continued from page 187)

A recently ratified Pakistan-Japanese trade agreement assures the issuance of necessary export and import licenses for specified quantities of goods and commodities traded between the two countries during the year ending June 30, 1950.

The principal Pakistan items covered in the agreement are 100,000 bales of cotton (82,000 equivalent bales of 500 pounds gross), 27,000 bales of jute, 500,000 pounds of wool, 1,500,000 pounds of hemp, 22,000 short tons of cottonseed and 550 tons of cotton linters.

The principal Japanese export items covered by the agreement are cotton piecegoods worth up to $7.2 million, cotton yarn worth up to $9.0 million, 60,000 cotton spindles and 500 looms.

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The third official forecast placed the 1949-50 cotton crop in Pakistan at 930,000 bales (of 500 pounds gross) from 2,742,000 acres compared with a third forecast for 1948-49 of 854,000 bales from 2,911,000 acres. American-type cotton composes about 90 percent of the 1949-50 production estimate compared with 84 percent in 1948-49.